

Message Text

LIMITED OFFICIAL USE

PAGE 01 BELGRA 06462 01 OF 02 300828Z

21

ACTION EB-07

INFO OCT-01 AF-04 ARA-06 EA-06 EUR-12 NEA-06 RSC-01 ISO-00

SP-02 AID-05 NSC-05 CIEP-01 TRSE-00 SS-15 STR-01

OMB-01 CEA-01 XMB-02 CAB-02 CIAE-00 COME-00 DOTE-00

INR-07 NSAE-00 FAA-00 PM-03 H-01 L-02 PA-01 PRS-01

USIA-06 /099 W

----- 013776

R 300641Z DEC 74

FM AMEMBASSY BELGRADE

TO SECSTATE WASHDC 1581

AMCONSUL ZAGREB UNN

AMEMBASSY OTTAWA

AMEMBASSY CANBERRA

AMEMBASSY BRUSSELS

AMCONSUL FRANKFURT

USLO PEKING

AMCONGEN MONTREAL

SECDEF WASHDC

LIMITED OFFICIAL USE SECTION 1 OF 2 BELGRADE 6462

DEPT PASS EXIM, FAA, CAB; MONTREAL PASS TO AMDEL

ICAO; FRANKFURT AND BRUSSELS PASS FAA

E.O. 11652: N/A

TAGS: EAIR, EGEN, AS, CA, CH, YO

SUBJ: YUGOSLAV CIVAIR ROUNDUP

REF : BELGRADE 4463

SUMMARY: GOY INTENDS SEEK SCHEDULED AIR AGREEMENT WITH U.S.
MERGER YUGOSLAV AIR COMPANIES REFTel PROCEEDING ON SCHEDULE,
PARTLY DUE ARMED FORCES SUPPORT. JAT PLANS PURCHASE WIDE-
BODIED AIRCRAFT, AND JAT PROCUREMENT DEPENDS SIGNIFICANTLY ON
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BELGRA 06462 01 OF 02 300828Z

EXIM FINANCING. END SUMMARY.

1. FOLLOWING ARE HIGHLIGHTS MAJOR DEVELOPMENTS IN LAST QUARTER 1974 AND PROSPECTS FOR 1975 IN YUGOSLAV CIVIL AVIATION BASED ON CONVERSATIONS EMBASSY HAS HAD WITH OFFICIALS OF YUGOSLAV DIRECTORATE GENERAL CIVIL AVIATION (DGCA) AND YUGOSLAV AIR TRANSPORT (JAT).

2. ACCORDING TO OFFICIAL OF DGCA, YUGOSLAVIA INTENDS SEEK SCHEDULED AIR AGREEMENT WITH US HOPING TO BEGIN SERVICE SOMETIME IN 1976. HE SAID WAY AROUND YUGOSLAV REGULATIONS GOVERNING TICKET SALES, WHICH HAVE CAUSED PANAM DIFFICULTIES IN PAST, MIGHT BE FOUND IN SPECIAL PROVISION OF THE AIR AGREEMENT. WHEN ASKED EXPLAIN, HE ANSWERED, YUGOSLAVIA'S RECENT AIR AGREEMENT WITH AUSTRALIA AND FORTHCOMING AGREEMENT WITH CANADA CONTAINED MUTUALLY AGREEABLE FORMULAS ON THIS POINT, WHICH HE FELT US AND CAB COULD ACCEPT. HE PROMISED SHOW EMBASSY THESE FORMULAS AT FUTURE TIME.

3. PROGRAM TO INTEGRATE MILITARY AND CIVILIAN AIR TRAFFIC CONTROL SYSTEM IS MOVING AHEAD RAPIDLY WITH INTEGRATION OF IAR TRAFFIC CONTROLLERS AND EQUIPMENT UNDER DGCA AUTHORITY MOST RECENT STEP FORWARD.

4. IN NEXT FIVE YEARS, DGCA (AND JAT) WILL PLACE PRIORITY ON EXPANSION OF RELATIONSHIPS WITH (A) AUSTRALIA, (B) CANADA AND US, AND (C) AFRICA.

5. IN 1974, SCHEDULED AIR AGREEMENTS WERE SIGNED WITH AUSTRALIA, MALTA, BANGLADESH, AND ZAMBIA. JAT WILL BEGIN OPERATIONS TO AUSTRALIA APRIL 1, 1975, FLYING 707S, WHILE QANTAS WILL USE 747S. MALTA IS CONCEIVED AS CONVENIENT STOP-OVER POINT FOR AFRICAN SERVICE. JAT CHARTERS FLYING YUGOSLAV CONTRUCTION TEASM INTO AFRICA AND MIDDLE EAST FOR INFRASTRUCTURE CIVIL ENGINEERING PROJECTS ARE SEEN AS LEADING TO SCHEDULED AIR AGREEMENTS.

6. SCHEDULED AIR AGREEMENT WITH CANADA IS BEING HELD UP PENDING DECISION WHETHER YUGOSLAVIA CAN FLY INTO TORONTO. HOWEVER, DGCA EXPECTS EARLY SIGNING, WITH AIR CANDADA PRESUMABLY LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 BELGRA 06462 01 OF 02 300828Z

FLYING INTO ZAGREB.

7. IN 1975, YUGOSLAVIA HOPES TO CONCLUDE AGREEMENTS WITH PAKISTAN, INDIA, SOUTH KOREA, KUWAIT, IRAQ, IRAN, AND POSSIBLY ETHIOPIA AND CYPRUS DEPENDING ON POLITICAL SITUATIONS. POLITICAL CONSIDERATIONS MAY ALSO BE FACTOR IN POSSIBLE AGREEMENTS WITH SUCCESSOR STATES MOZAMBIQUE AND ANGOLA.

8. PEOPLES' REPUBLIC OF CHINA (PRC) HAS REQUESTED AND RECEIVED OVERFLIGHT PERMISSION FOR ITS PEKING-PARIS OPERATIONS, AND BELGRADE IS DESIGNATED ALTERNATIVE AIRPORT THAT ROUTE. CHINA CURRENTLY OVERFLIES YUGOSLAVIA INTO ALBANIA. A JAT CHARTER TO CHINA IN OCTOBER WAS CANCELLED DUE INSUFFICIENT PUBLIC INTEREST, IN PART CAUSED BY CHINESE INSISTENCE ON "OVERLY STRICT PROGRAMMING OF TOUR."

9. IN 1975, YUGOSLAVIA WILL HOST COMECON FIFTH SECTION AVIATION MEETING, INCLUDING MONGOLIA AND CUBA AS PARTICIPANTS.

10. YUGOSLAVIA PLANS INCREASE LANDING FEES AND OVERFLIGHT CHARGES BY TEN TO FIFTEEN PERCENT IN NEAR FUTURE.

11. IN 1975, DGCA INTENDS INSTITUTE NEW SAFETY PROGRAM AS WELL AS ISSUE CHARTER FLIGHT REGULATIONS. SAFETY PROGRAM BEING ACCELERATED DUE JAT DC-9 CRASH, CHARTER FLIGHT REGULATIONS MODELED ON US REGULATIONS AND EXPECTED BE READY MARCH OR APRIL 1975.

12. TWO NEW FLIGHT CONTROL CENTER, BELGRAD AND ZAGREB, ARE EXPECTED TO BE READY FOR OPERATION IN FEBRUARY 1975.

13. VIDOMIR KRUNIC, CURRENTLY DIRECTOR GENERAL JAT, WILL BE YUGOSLAVIA'S REPRESENTATIVE TO ICAO COUNCIL IN MONTREAL. YUGOSLAVIA INTENDS PLAY ACTIVE ROLE IN ICAO ACTIVITIES IN 1975. (FYI: A KNOWLEDGEABLE SOURCE IN JAT TOLD EMBASSY KRUNIC'S REPLACEMENT WILL BE AIR FORCE MAJOR GENERAL DRAGOSLAV RADISAVLJEVIC, END FYI).

14. MERGER YUGOSLAV AIR COMPANIES (REPORTED REFTTEL) IS PROCEEDING ON SCHEDULE WITH AVIOGENEX INCLUDED. DESPITE HESITATION ON PART PAN ADRIA AND INEX ADRIA, EMBASSY WAS TOLD REGIONAL POLITICS WILL NOT PULL MERGER APART BECAUSE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 BELGRA 06462 01 OF 02 300828Z

IN ADDITION TO OBVIOUS FINANCIAL, TECHNICAL, AND COMMERCIAL ADVANTAGES, YUGOSLAV ARMED FORCES ARE INSISTING IT TAKE PLACE.

15. AS CONDITION PARTICIPATION IN MERGER AVIOGENEX MUST RETURN ITS FOUR TU-134S TO RUSSIANS OR OTHERWISE DISPOSE OF THEM. (FYI OFFICER OF MCDONNELL DOUGLAS CORPORATION TOLD EMBASSY AVIOGENEX CONTRACT WITH RUSSIANS ALLOWS RETURN BUT ONLY IF YUGOSLAVIA PURCHASES UNDETERMINED NUMBER OF HELICOPTERS. END FYI) AS REPLACEMENTS, AVIOGENEX HAD SOUGHT 727S AND HAD RECEIVED PRELIMINARY COMMITMENT FROM EXIM BANK FOR THEIR PURCHASE. HOWEVER, ACCORDING JAT, AVIOGENEX NOW PLANS PURCHASE DC-9S AND WILL NOT BUY 727S.

16. JAT, WHICH RECENTLY COMPLETED FINANCE PROCEDURES FOR PURCHASE FOUR 727S (EXIM FINANCED) TOLD EMBASSY IT WILLING

ACCEPT 727S AVIOGENEX HAD ORIGINALLY ORDERED, IN FAVORABLE EXIM
FINANCING AVAILABLE.

17 ADDITIONALLY, JAT HAS EXPRESSED CONCERNED OVER
FINANCING OF A FIFTH 727 INTENDED FOR USE BY PRESIDENT TITO.
BECAUSE OF PLANE'S FUNCTION JAT IS REQUESTING MOST FAVORABLE TERMS
FROM EXIM BANK.

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 BELGRA 06462 02 OF 02 301014Z

21

ACTION EB-07

INFO OCT-01 AF-04 ARA-06 EA-06 EUR-12 NEA-06 RSC-01 ISO-00

SP-02 AID-05 NSC-05 CIEP-01 TRSE-00 SS-15 STR-01

OMB-01 CEA-01 CAB-02 CIAE-00 COME-00 DOTE-00 INR-07

NSAE-00 FAA-00 PM-03 H-01 L-02 PA-01 PRS-01 USIA-06

XMB-02 /099 W

----- 014480

R 300641Z DEC 74
FM AMEMBASSY BELGRADE
TO SECSTATE WASHDC 1582
INFO AMCONSUL ZAGREB
AMEMBASSY OTTOWA
AMEMBASSY CANBERRA
AMEMBASSY BRUSSELS
AMCONGEN FRANKFURT
USLO PEKING
AMCONGEN MONTREAL
SECDEF WASHDC

LIMITED OFFICIAL USE SECTION 2 OF 2 BELGRADE 6462

DEPT PASS EXIM, FAA, CAB; MONTREAL PASS TO
AMDEL ICAO; FRANKFURT AND BRUSSELS PASS FAA

18. JAT'S INTEREST IN PURCHASE WIDE-BODIED AIRCRAFT ATTRACTED
THREE DEMONSTRATION FLIGHTS-- BOEING 747 IN OCTOBER,
MCDONNELL DOUGLAS DC-10 IN NOVEMBER, AND LOCKHEED TRISTAR

IN DECEMBER -- WITH HIGH LEVEL COMPANY REPRESENTATION AND EMBASSY PARTICIPATION ON EACH FLIGHT. JAT, WHICH WANTS WIDE-BODIED JETS IN OPERATIONS BY SPRING 1976 ON AUSTRALIAN AND HOPEFULLY US AND CANADIAN ROUTES, WAS FAVORABLY IMPRESSED WITH ALL THREE PLANES, BUT LOCKHEED GOT INTO ACT A LITTLE LATE AND JAT DOES NOT WANT ROLLS ROYCE ENGINES. JAT COMMERCIAL AND TECHNICAL STAFF LEANS TO PURCHASE BOEING LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BELGRA 06462 02 OF 02 301014Z

747 SP WHILE JAT PILOT ARE IMPRESSED WITH DC-10 (RECENTLY A KNOWLEDGEABLE JAT SOURCE TOLD EMBASSY OFFICER THAT JAT HAS DECIDED PURCHASE TWO 747 SPS). IF DELIVERY WIDE-BODIED JETS IMPOSSIBLE BY SPRING 1976, JAT MAY LEASE AND REPORTEDLY TWA HAS OFFERED TWO 747'S IN 1975. JAT PURCHASE OF WIDE-BODIED AIRCRAFT REQUIRE EXIM FINANCING IF DEAL IS TO BE CONSUMMATED.

19. JAT APPARENTLY EARNED SMALL PROFIT IN 1974, DESPITE LOSING MONEY ON DOMESTIC TRAFFIC.

20. COMMENT INTERESTING ASPECT CIVAIR SCENE IS REPORTED APPOINTMENT GENERAL RADISAVLJEVIC AS NEW DIRECTOR GENERAL JAT (ANOTHER CASE OF MILITARY MAN MOVING INTO KEY POSITION) AND REPORT THAT MILITARY ARE INSISTING IMPLEMENTATION AIR COMPANIES MERGER; ALTHOUGH YUGOSLAV MILITARY'S INTEREST IN MERGER PROBABLY DOES NOT GO BEYOND NORMAL INTEREST OF MILITARY IN NATIONAL AIR FLEET AS POTENTIAL MILITARY TRANSPORT RESOURCE. ON COMMERCIAL SIDE, JAT HAS AMBITIOUS EXPANSION PLANS (WHICH MAY OUT-REACH JAT COMMERCIAL AND SALES CAPACILITIES) FOR US-CANADIAN-AUSTRALIAN MARKETS. JAT VIEW YUGOSLAV ORIGIN CITIZENS AND RESIDENTS IN THESE COUNTRIES AS IMPORTANT POTENTIAL CUSTOMERS. EMBASSY IMPRESSION IS THAT JAT UNABLE PURCHASE ANY AMERICAN AIRCRAFT WITHOUT EXIM PARTICIPATION IN FINANCING. ON ISSUE OF SCHEDULED AIR AGREEMENT WITH US, EMBASSY WOULD APPRECIATE D DEPARTMENT'S COMMENTS AS TO POSSIBILITIES OF AGREEMENT, AND GUIDANCE IN RESPONDING TO SUCH DIRECT DECLARATIONS OF INTEREST.
TOON

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CIVIL AVIATION, BUSINESS MERGERS, AIRLINES, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 30 DEC 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974BELGRA06462
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740376-1101
From: BELGRADE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974125/aaaaaedz.tel
Line Count: 265
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 74 BELGRADE 4463
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 09 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 APR 2002 by boyleja>; APPROVED <23-Aug-2002 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: YUGOSLAV CIVAIR ROUNDUP
TAGS: EAIR, EGEN, AS, CA, CH, YO, YUGOSAV AIR TRANSPORT-JAT
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005